

# CAPITAL OUTLAY

The Governor's 2003-04 Budget proposes \$1.9 billion for the capital outlay program, not including funding for transportation, K-12 schools, and State conservancies (the Business, Transportation, and Housing, Education, and Natural Resources sections describe the funding provided for those programs). Of this amount, \$954.2 million is for continuing phases of 139 previously approved projects, and \$1.0 billion is for 141 new projects. Funding for this program comes from a number of sources including the General Fund, various special funds, general obligation bonds, lease-revenue bonds, and federal funds. Of the \$1.9 billion total, the General Fund contributes \$26.4 million, which represents only 1.4 percent of total capital outlay expenditures. Figure CO-1 summarizes the proposed capital outlay program by agency, and Figure CO-2 summarizes the program by funding source.

## Education

The 2003-04 capital outlay program totals \$1.09 billion.

**California Community Colleges: \$562.2 million**—Funding includes \$175.3 million general obligation bonds for 52 new projects in 35 districts and \$386.9 million general obligation bonds for 45 continuing projects in 31 districts. Many projects are supported by the nearly \$7.5 billion in locally approved Proposition 39 funds available in 33 districts.

FIGURE CO-1

Capital Outlay Funding from All Sources for 2003-04 by Agency

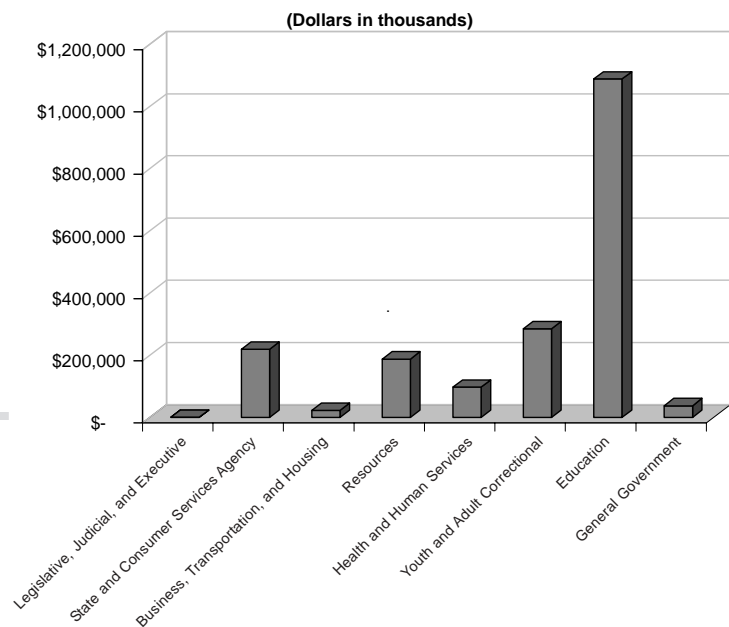
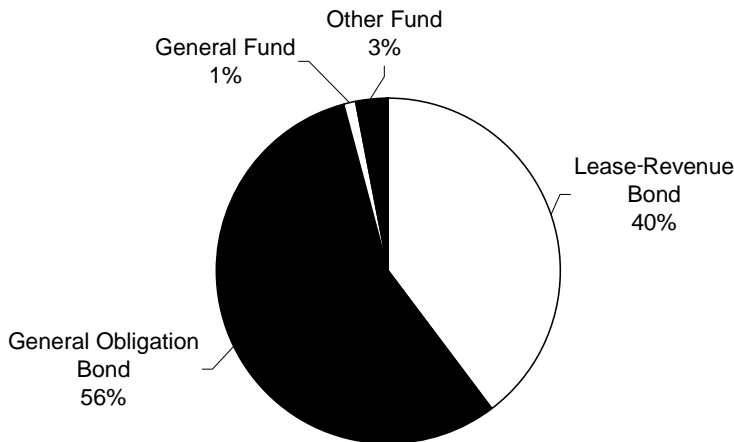


FIGURE CO-2

**Capital Outlay by Funding Source**

These projects will correct seismic deficiencies, provide programmatic upgrades in instructional and library facilities, and construct new classrooms and laboratories to help meet the needs of increased enrollment. Examples of new projects include a fine and performing arts center at East Los Angeles College, instructional and library facilities at campuses within the Los Rios Community College District, a child development center at Taft College, seismic replacement of four buildings at Foothill College, and a high tech center at Riverside College.

**University of California: \$321.5 million—**This amount includes \$195.1 million general obligation bonds for 15 continuing projects and \$115.4 million general obligation bonds for 24 new projects at the 10 University of California (UC) campuses. This amount also includes \$11 million in lease-revenue bonds resulting from a fund shift from the General Fund for the Institutes for Science and Innovation. The

Governor's Budget proposes projects to address four primary areas: construction of new facilities to accommodate enrollment growth, modernization and renovation of aging facilities, correcting critical infrastructure deficiencies, and enabling program delivery changes. New UC projects include the construction of a humanities building at Riverside, a biological sciences building at Irvine, and an education and social sciences building at Santa Barbara; renovations include the applied physics and mathematics building at San Diego; and seismic corrections will occur at Los Angeles, Berkeley, Santa Cruz, and Davis.

**California State University: \$198.2 million—**This amount includes \$80.5 million general obligation bonds for the continuing phases of three projects at three campuses, \$111.5 million general obligation bonds for five new projects at five campuses, and \$6.2 million for minor projects at CSU's 23 campuses. CSU's funding places priority on seismic and infrastructure upgrades, modernization, and addressing existing space deficiencies and enrollment growth. Examples of CSU projects include constructing a new social science building at San Diego, adding space to science buildings at San Bernardino, and renovating space at San Jose to provide additional instruction facilities and faculty offices.

**Department of Education, State Special Schools: \$5.6 million—**This funding is for a new Multipurpose/Activity Center to address critical infrastructure needs at the Riverside facility.



**Hastings College of Law: \$1.0 million—**

This amount addresses health and safety deficiencies at the college's San Francisco instructional facility.

## State and Consumer Services Agency

The 2003-04 capital outlay program totals \$219.3 million.

**Department of General Services:**

**\$219.3 million—**This amount includes \$216.3 million lease-revenue bonds for one new project and one continuing office building project and \$3.0 million Seismic Bonds for one continuing seismic project and program management. The new Central Plant Mitigation Plan project is necessary as a result of a Cease and Desist Order issued by the Central Valley Regional Water Quality Control Board relating to the discharge of heated water into the Sacramento River.

## Resources Agency

The 2003-04 capital outlay program totals \$187.8 million.

**Department of Parks and Recreation:**

**\$107.9 million—**This amount includes \$93.7 million bond funds, \$4.9 million reimbursements, \$5.6 million special funds, and \$3.7 million federal funds for 15 previously approved projects, 25 new projects, minor projects, and budget planning funding. The new projects include acquisitions, historical restorations, development and maintenance of existing day use

and campground parks, environmental restoration at existing parks, and wastewater improvements.

**Department of Forestry and Fire Protection:**

**\$30.0 million—**This amount includes \$29.6 million lease-revenue bonds for 8 continuing projects and \$491,000 General Fund for one minor capital outlay project. The eight continuing projects replace, renovate, or relocate facilities at five forest fire stations, one helitack base, one air attack base, and one conservation camp.

**California Conservation Corps:**

**\$32.8 million—**This amount includes new funding of \$32.8 million lease-revenue bonds for two new projects. One project is to replace a residential facility that the California Conservation Corps will need to vacate so the Department of Developmental Services can meet growing population needs. The second project will replace a residential facility that currently does not meet program needs.

**Department of Boating and Waterways:**

**\$8.7 million—**This amount includes \$5.0 million Harbors and Watercraft Revolving Fund (HWRF) for a Boating and Instruction Safety Center and for various phases of four major Boat Launching Facility projects, \$225,000 HWRF for project planning, and \$3.5 million HWRF for a minor capital outlay program.

**Department of Water Resources:**

**\$5.2 million—**This amount includes \$3.7 million General Fund and \$1.5 million from local reimbursements for four previously approved flood control projects.



**Department of Fish and Game: \$3.2 million**—This amount includes \$370,000 Fish and Game Preservation Fund and \$1,230,000 federal funds for the construction phase of a new Research and Education Center at the Elkhorn Slough Ecological Reserve and \$1.6 million various special funds for project planning and a minor capital outlay program.

## Business, Transportation, and Housing Agency

The 2003-04 capital outlay program totals \$22.9 million.

**Department of Transportation: \$200,000**—This amount will cover studies, planning, and budget packages to be funded from the State Highway Account.

**California Highway Patrol: \$3.1 million**—This amount includes \$3.0 million from the State Highway Account to complete the construction of a replacement facility in Williams and \$120,000 for studies and planning.

**Department of Motor Vehicles: \$19.6 million**—This amount includes \$7 million to complete the Sacramento Headquarters 3rd Floor Asbestos Removal and Seismic Retrofit, \$5.9 million to complete the construction of the San Ysidro Field Office Replacement, \$5.9 million to complete the South Sacramento Field Office Replacement, and \$800,000 for the continuation of two other projects.

## Health and Human Services Agency

The 2003-04 capital outlay program totals \$97.5 million.

**Department of Mental Health: \$47.2 million**—This amount includes \$46.9 million lease-revenue bonds for continuing phases of three projects and for one new project. The new project involves constructing a new kitchen and remodel satellite kitchens at Metropolitan State Hospital. The Governor's Budget also includes \$325,000 General Fund for a minor security project.

**Department of Developmental Services: \$50.3 million**—This amount, from lease-revenue bonds, provides for two new projects. These projects will construct a 96-bed expansion and a recreation complex in the forensic area at the Porterville Developmental Center.

## Youth and Adult Correctional Agency

The 2003-04 capital outlay program totals \$284.9 million.

**California Department of Corrections: \$282.1 million**—This amount includes \$2.8 million General Fund, \$271.7 million lease-revenue bonds, and \$600,000 general obligation bonds for the continuing phases of 5 continuing projects and 4 new projects. The total also includes \$5 million general obligation bonds for statewide minor projects, \$1 million general obligation bonds for a statewide evaluation of mental health facilities, and \$1 million general



obligation bonds for statewide budget packages and studies. The proposed new projects address the condemned population at California State Prison, San Quentin, mental health crisis beds at California Medical Facility, and an electrified fence project at California Institution for Men.

**Department of the Youth Authority: \$2.8 million**—This amount includes \$2.8 million General Fund for minor capital outlay projects and master planning.

## Other Departments

**Board of Equalization: \$168,000**—This amount of General Fund (\$134,000) and reimbursements (\$34,000) is for security improvements at the San Jose District Office to complete standardization of security measures at the Board's various offices.

**Office of Emergency Services: \$235,000**—This General Fund amount will fund the design phase of a perimeter fence for the OES Headquarters facility.

**Department of Food and Agriculture: \$17.6 million**—This amount includes \$6.6 million State Highway Account for the construction phase of the Dorris Agricultural Inspection Station project and \$11.0 million lease-revenue bonds for the working drawings and construction phases of the Hawaii Medfly Rearing Facility.

**Military Department: \$19.5 million**—The amount of \$14.7 million General Fund includes \$8.3 million to complete the renovation of the Los Alamitos Airfield Electrical Lighting Distribution System and \$6.4 million to complete construction of

the Lancaster Armory. In addition, the federal government will contribute another \$4.8 million for the Lancaster Armory project.

**Department of Veterans Affairs: \$399,000**—This General Fund amount provides for a minor safety project at the Yountville Veterans' Home.

## General Obligation Bonds

California currently owes \$22.7 billion in principal on outstanding non-self liquidating general obligation (GO) bonds as of the end of calendar year 2002. The General Fund cost for the payment of interest and redemption on these bonds is \$1.7 billion in 2002-03, and is estimated at \$1.9 billion in 2003-04.

## Lease-Revenue Bonds

The State also uses lease-revenue bonds to finance construction of capital projects. The lease-revenue method of financing projects has been used for higher education facilities, State prison construction, general purpose office buildings, and other types of projects when a lease can be created that provides a marketable security for the issuance of the bonds.

Outstanding lease-revenue bonds totaled \$6.294 billion as of September 1, 2002, and are estimated to total \$6.561 billion as of June 30, 2003, and \$6.863 billion as of June 30, 2004. The cost for lease payments (principal and interest) was



\$525.7 million in 2001-02, and is estimated to be \$547.5 million in 2002-03 and \$571.5 million in 2003-04.

A common measure of bonded indebtedness is the ratio of net tax-supported debt to General Fund revenues. Using this measure, California's debt ratio for 2002-03 is 3.2 percent and would rise to 3.7 percent in 2003-04. The debt ratio for both current year and budget year is reduced from that

reported last year as a result of lower GO debt payments resulting from debt restructuring. The increase from current year to budget year is due to education and resources general obligation bonds authorized by voters statewide through 2002.

**FIGURE CO-3**

**Debt Service Cost as Compared to the  
Percentage of General Fund Revenues**  
(Dollars in millions)

